FORM 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Charlotte's Web Holdings, Inc. (the "**Company**" or "**Charlotte's Web**")
1600 Pearl Street, Suite 300
Boulder, CO 80302

2. **Date of Material Change**

December 3, 2019

3. **News Release**

A news release was disseminated on December 3, 2019 via Cision.

4. **Summary of Material Change**

On December 3, 2019, the Company announced the closing of an underwritten public offering of units for aggregate gross proceeds to the Company of C$66,250,000 (the "**Offering**"). A total of 5,000,000 units of the Company (the "**Units**"), at a price of C$13.25 per Unit (the "**Offering Price**") were sold pursuant to the Offering. Each Unit consisted of one common share of the Company (a "**Common Share**") and one half of one common share purchase warrant (each full warrant, a "**Warrant**"). Each Warrant will be exercisable to acquire one common share of the Company (a "**Warrant Share**") for a period of two years following the closing date of the Offering at an exercise price of C$16.50 per Warrant Share, subject to adjustment in certain events.

5.1 **Full Description of Material Change**

On December 3, 2019, the Company announced the closing of an underwritten public offering of Units for aggregate gross proceeds to the Company of C$66,250,000. A total of 5,000,000 Units, at a price of C$13.25 per Unit were sold pursuant to the Offering. Each Unit consisted of one Common Share and one half of one Warrant. Each Warrant will be exercisable to acquire one Warrant Share for a period of two years following the closing date of the Offering at an exercise price of C$16.50 per Warrant Share, subject to adjustment in certain events.

The Offering was conducted pursuant to the terms of an amended and restated underwriting agreement dated November 25, 2019 among the Company, Canaccord Genuity Corp., as lead underwriter, Cormark Securities Inc., Eight Capital and PI Financial Corp. (collectively, the "**Underwriters**").

Charlotte's Web also granted the Underwriters an option (the "**Over-Allotment Option**") to purchase up to 750,000 additional Units of the Company on the same terms as the Offering, exercisable within 30 days of the closing of the Offering.

The Units were offered in each of the provinces of Canada, other than Québec, pursuant to the Company's base shelf prospectus dated April 8, 2019 (the "**Base Prospectus**") and were also offered by way of private placement in the United States to "qualified institutional buyers". The terms of the Offering are described in a prospectus supplement (the "**Supplement**") dated November 27, 2019. Copies of the Supplement and Base Prospectus may be obtained on SEDAR at www.sedar.com and from Canaccord Genuity Corp., 161 Bay Street, Suite 3000, Toronto, ON M5J 2S1. The Supplement and Base Prospectus contain important detailed information about the Company and the Offering.

5.2 **Disclosure for Restructuring Transactions**

Not Applicable.

6. **Reliance on Section 7.1(2) or (3) of National Instrument 51-102**

Not Applicable.

7. **Omitted Information**

Not Applicable.

8. **Executive Officer**

The name and business number of the executive officer of the Company who is knowledgeable about the material change and this report is:

Russell Hammer, Chief Financial Officer
(720) 617-0370

9. **Date of Report**

December 13, 2019

Advisory

Forward-Looking Information. Certain information in this material change report constitutes forward-looking information. In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “is positioned”, “estimates”, “intends”, “assumes”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events.

Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by the Company as of the date of this material change report, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the factors described in greater detail in the public documents of the Company available at www.sedar.com. These factors are not intended to represent a complete list of the factors that could affect the Company; however, these factors should be considered carefully. There can be no assurance that such estimates and assumptions will prove to be correct. The forward-looking statements contained in this material change report are made as of the date of this material change report, and the Company expressly disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law.